

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAM-01

SAB-01 AID-05 IO-10 EB-07 COME-00 FRB-03 TRSE-00

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R 011025Z APR 75

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC 4275

INFO AMCONSUL JERUSALEM

AMEMBASSY TEL AVIV

C O N F I D E N T I A L AMMAN 2157

E.O. 11652: GDS

TAGS: EFIN, IS, JO

SUBJECT: POSSIBLE REOPENING OF ARAB BANKS ON WEST BANK

REFS: (A) JERUSALEM 692 (B) JERUSALEM 381 (C) AMMAN 1581

1. ACCORDING TO ARAB BANK OFFICIALS, ISRAELIS HAVE INITIATED DISCUSSIONS FOR REOPENING BANK'S BRANCHES IN WEST BANK THROUGH HEAD OF BANK'S OPERATIONS IN NABLUS AT VARIOUS TIMES IN PAST. IN RECENT CASE, BANK PAPER ON REOPENING PASSED TO ISRAELI AUTHORITIES THROUGH NABLUS HEAD. AMMAN OFFICIALS CLAIM THEY HAVE NO REPLY FROM ISRAELIS AS YET.

2. BANK OFFICIALS BELIEVE ISRAELIS NOT SERIOUS ABOUT REOPENING, BUT HAVE OTHER MOTIVES. ACCORDING TO OFFICIALS, 1968 NEGOTIATIONS FAILED BECAUSE OF LAST MINUTE ISRAELI WITHDRAWAL, AND SINCE THEN TALKS HAVE NEVER GONE BEYOND QUESTION OF BANKS IN JERUSALEM. BANK OFFICIALS INSIST JERUSALEM BRANCHES MUST OPERATE LIKE OTHER IN WEST BANK, SUBJECT TO JORDANIAN GOVERNMENT REGULATION, WHILE ISRAELIS REPORTEDLY MAINTAIN JERUSALEM BRANCHES MUST HAVE SEPARATE STATUS.

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3. CENTRAL BANK VICE GOVERNOR PESSIMISTIC ABOUT

REOPENING JORDANIAN BANKS IN WEST BANK DURING RECENT CONVERSATION. SOME COMMERCIAL BANKS STILL HAVE LARGE DEBTS TO COLLECT IN WEST BANK. REOPENING WOULD GIVE THEM BETTER OPPORTUNITY TO COLLECT DEBTS AND ACCESS TO WIDER MARKET. HE NOTED THAT OPPORTUNITY TO REOPEN WEST BANK BRANCHES WOULD HAVE TO BE GIVEN ALL COMMERCIAL BANKS, HOWEVER, NOT JUST LARGEST ARAB BANK (REF. C). HE MENTIONED THAT FOREIGN EXCHANGE TRANSFERS AND CURRENCY TO BE USED IN BANKING (CENTRAL BANK WOULD ALLOW ONLY JORDAN DINAR) HARD TO RESOLVE QUESTION.

4. VIEWS OF LOCAL BANKERS SUGGEST THAT STATUS OF BANKS IN JERUSALEM AND DIFFICULT OPERATING QUESTIONS MAIN REASONS MOST RECENT TALKS ON REOPENING BANKS LIKELY TO END LIKE PREVIOUS NEGOTIATIONS.
SUDDARTH

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